

Audit Committee minutes

Monday 8 September 2014

Members

Ian Watmore (chair)	Non-Executive Director
Ailsa Beaton	Non-Executive Director
Roger Barlow	Independent Audit Committee member

Attendees:

ICO

Simon Entwisle	Deputy Chief Executive Officer
Christopher Graham	Information Commissioner
Louise Byers	Head of Good Practice
Heather Dove	Head of Finance

Internal Auditors

Phil Keown	Grant Thornton
Howard Munson	Grant Thornton

Secretariat

Peter Bloomfield	Senior Corporate Governance Manager
Neil Bostock	Corporate Governance Officer

1. Introductions and apologies

- 1.1. Ailsa Beaton, the new Non-executive Director and member of the Committee was welcomed to the meeting. Heather Dove, the new Head of Finance at the ICO, was also welcomed. There were apologies from James Edmands at the NAO who was unable to attend.

- 1.2. The Committee requested that the next meeting, scheduled for 9 December, be moved to Monday 8 December if possible.

Action point 1: Secretariat to move the next meeting of the Committee if possible to the 8 December.

- 1.3. The Committee also requested that the Committee pre-meetings start at 13:30 rather than 13:00 and that the Committee proper starts at 13:50 with the aim of finishing by 15:50.

Action point 2: Secretariat to re-schedule the meetings to start at 13:30 and 13:50.

2. Declaration of interests

- 2.1. Ailsa Beaton advised that she was a Non-executive Director of BACs Payment Schemes LTD. Banking was raised in the paper presented as part of agenda item 3 entitled "Threats and Opportunities to Information Rights Arising from Technology". This was not considered to raise a conflict of interest.

3. Action points from the Audit Committee meeting of the 6 June

- 3.1. The minutes had been agreed by correspondence and there were no further amendments identified.
- 3.2. Un-cleared action points were considered in detail:
 - 3.2.1. Simon Entwisle advised that his action, to ensure that the audit trail for changes to the apportionment model is clear and readily accessible, had been actioned.
 - 3.2.2. The NAO had not as yet provided the ICO with information on whether or not other organisations were able to retain some of the financial penalties paid to them to help fund collection.

Action point 3: Secretariat to ask the NAO for an update to circulate to members as soon as possible.

4. Commissioner's update

- 4.1. The Information Commissioner provided an update on key issues affecting the ICO. Matters highlighted included:

- 4.1.1. The successful launch of the Annual Report in July and the well received key message of the need for a new funding model for the ICO.
- 4.1.2. A Leadership Group planning event was taking place the next day looking at what the ICO needed to do over three years starting in April 2015.
- 4.1.3. Succession planning was an issue for the ICO with a change in Commissioner happening in June 2016 and various other known about changes in senior managers also happening over the next few years.
- 4.1.4. The 10th anniversary of the coming into force of individual rights under the Freedom of Information Act was on 1 January 2015. An event was planned.
- 4.1.5. The ICO was inputting into both Ministry of Justice (MOJ) planning for 2015/16 and their efficiency review. At the same time the ICO was subject to a triennial review by the MOJ and Cabinet Office which would also focus on ICO efficiency in meeting its duties.
- 4.1.6. Treasury and MOJ agreement to the pay remit was still awaited. The ICO had been invited to attend the meeting with the Treasury to discuss the remit.
- 4.1.7. Recruitment was about to begin for a new Non-Executive Director to replace Enid Rowlands who was standing down at the end of December.

5. Risk Management

Risk register

- 5.1. The Committee noted that the risk register was still a work in progress and proposed that if it was not finalised by the time of the next Management Board, rather than presenting an unfinished register, the focus should be on bringing a final agreed version to the December Audit Committee. The risk register had to be used by management.
- 5.2. The link between the risk register and the internal audit plan was recognised, emphasising the need to agree the risk register. The need to ensure that the draft internal audit plan was also agreed prior to the start of the next financial year was also highlighted.

Information rights arising from technologies

- 5.3. The paper entitled "Threats and Opportunities to Information Rights Arising from Technology" had been

appended to the risk register to both demonstrate work on identifying such risks and opportunities and for discussion. The report would be updated periodically and when it was it would be brought again to the Committee for information.

- 5.4. The Committee considered that the report was a very helpful document. Suggestions made for consideration in future iterations of the report included:
 - 5.4.1. Distinguishing between individuals, companies and service providers to help separate out the interests of the different parties involved, especially in respect of the cloud;
 - 5.4.2. Identifying clearly where there were actions for other parties (such as government) as well as the ICO; and
 - 5.4.3. Identifying where individuals had to be responsible for their own actions when using technology.
- 5.5. The report was not published and given its length this might not be the best way of publicising messages from it. But it was used internally as a reference and its author Simon Rice had blogged recently on technological issues and had attended an SME conference.

6. Replacement of the finance IT system

- 6.1. Louise Byers provided an update on plans to replace the current finance system. The system was old and now out of support. The ICO had identified its requirements, short listed available products and had now decided on a preferred solution. There were discussions needed about implementation costs but the hope was that the implementation project would be well on the way by December. The NAO would be involved and Grant Thornton had provided some useful support to the process already.
- 6.2. The aim was to implement the new system by the end of the financial year. However the old system would be used to produce the annual accounts and the aim was to run both the old and the new systems in tandem for a while.
- 6.3. Simon Entwisle confirmed that there was money in the budget for the new system this year.
- 6.4. In terms of governance the project board reports to the IT Steering Group which itself reports to Executive Team.
- 6.5. Audit Committee requested sight of a detailed implementation plan and an update report for the December and March meetings.

Action point 4: Simon Entwisle to provide the Committee with implementation plans and update reports for the December and March Audit Committee meetings.

- 6.6. It was confirmed that the new system would allow the ICO to move from cash to accruals management accounts. There was uncertainty over the requirements of the MOJ in terms of their reporting requirements.

Action point 5: Simon Entwisle to confirm the reporting requirements of the MOJ at the next Committee meeting.

- 6.7. The Committee also asked about how the necessary business change would be managed. Louise Byers advised that much work was being done with budget holders in preparation for the change.

7. Reporting on fraud

- 7.1. Peter Bloomfield introduced a paper detailing the various policies the ICO had covering the reporting of fraud, whistleblowing and security incidents. The Committee confirmed that the policies covered areas they expected and that no changes were needed. In terms of reporting however it was agreed that a more formal approach was needed, albeit without being overly bureaucratic.

- 7.2. Peter Bloomfield suggested a formal quarterly request to those noted in the reports as being people to report incidents to was a practical solution, with the Committee then being advised of incidents that quarter. The Committee confirmed that it did not require details, just numbers.

Action point 6: Peter Bloomfield to set up a more formal procedure to allow quarterly reporting of fraud, whistleblowing and security incidents by the time of the next Committee meeting.

8. Outstanding audit recommendations

- 8.1. The register of outstanding audit recommendations (both internal and external) was presented for discussion. It was noted that several IT service management and contract management review actions had not been updated. Simon Entwisle reported that several of these actions had been cleared.

- 8.2. The Committee asked that the report be updated and be re-circulated to Committee members.

Action point 7: Secretariat to request updates where necessary, and to re-circulate an up to date report to the Committee and attendees for information.

- 8.3. The Committee also asked for dates to be agreed for the external audit recommendations and for the actions to be more specific (eg SMART).

9. Internal audit

- 9.1. Grant Thornton updated the Committee on progress in meeting the internal audit plan. They had met with Simon Entwisle after the senior management reorganisation to ensure that the changes in responsibilities were reflected in the work the auditors were doing.
- 9.2. In respect of integrated assurance work they were looking at second lines of management assurance where committees and other groups checked what was being done.
- 9.3. They would also be reviewing how corporate and business planning worked together.
- 9.4. The plan was within budget.
- 9.5. Simon Entwisle advised the Committee that Grant Thornton had provided helpful advice on the working of the IT Steering Group.

10. Integrated assurance update

- 10.1. Simon Entwisle and Louise Byers explained that the ICO was taking a slightly different approach to integrated assurance than possibly understood. They were working with information asset owners on information governance policies and procedures, asking them about how confident they were that policies and procedures were working. This work had already resulted in plans and activities aiming at addressing weaknesses. There will be another report on this to the December meeting.
- 10.2. The ICO felt that this focused approach was useful, but was not needed in all areas of ICO work where other approaches, such as the use of steering groups, might work better.
- 10.3. The Committee considered that there was possibly misunderstanding between parties as to what integrated

assurance was and a need therefore for more discussion, especially as to what a good integrated assurance system would look like for the ICO.

Action point 8: Simon Entwisle and Louise Byers to work with Grant Thornton on their integrated assurance review, the results of which will be presented to Audit Committee.

11. Any other urgent business

- 11.1. The Committee asked that a brief summary of the most recent finance report come to Audit Committee on a regular basis.

Action point 9: Secretariat to add the finance report as a standing agenda item.

- 11.2. The Committee requested that if at all possible they would like to receive papers electronically.

Action point 10: Secretariat to investigate the current position on providing committee papers electronically.